

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF HAWAII

NOVEMBER 12, 2019

CITY FINANCIAL TOWER
201 MERCHANT STREET, SUITE 1200
HONOLULU, HAWAII 96813

Trustees present: Mr. Emmit Kane, Chair
Mr. Jerome Rauckhorst, Vice Chair
Dr. Catherine Chan
Dr. Genevieve Ley
Mr. Wesley Machida

Trustees absent: Mr. Vincent Barfield
Ms. Jackie Ferguson-Miyamoto
Mr. Neal Miyahira

Staff present: Mr. Thomas Williams, Executive Director
Ms. Kanoë Margol, Deputy Executive Director
Ms. Donna Curry, Program Specialist
Mr. Karl Kaneshiro, Retirement Benefits Manager
Ms. Elizabeth Burton, Chief Investment Officer
Mr. Aaron Au, Investment Officer – Illiquid Markets
Mr. Andrew Chen, Investment Specialist
Mr. Anthony Goo, Investment Officer – Liquid Markets
Mr. Howard Hodel, Investment Officer – Risk Management
Mr. Ian Wetzel, Investment Officer
Mr. David Okamoto, Investment Officer – Credit Markets
Ms. Geraldine Konishi, Member Home Loan Assistant
Ms. Dale Kehau Kanae, Recording Secretary
Ms. Lori Kim, Secretary

Attorneys present: Mr. Ivan Torigoe, Deputy Attorney General
Ms. Elmira Tsang, Deputy Attorney General

Guests present: Mr. Adam Breen, DRA Growth and Income Fund X, LLC
Mr. Glen Besser, DRA Growth and Income Fund X, LLC (telephone)
Mr. Asheel Shah, EJP
Mr. Joe Walker, EJP
Mr. Neil Wilson, EJP
Mr. Paul Yett, Hamilton Lane Advisors, LLC
Mr. Colin Bebee, Meketa Investment Group, Inc.
Mr. Neil Rue, Meketa Investment Group, Inc.
Mr. Andy Betz, Stafford HiTIP Fund III, LP
Mr. Chae Hong, Townsend Group, an Aon Company

Public present: Mr. Riley Fujisaki, House Finance Committee

QUORUM/CALL TO ORDER

A quorum being present (Chair Kane, Vice Chair Rauckhorst, Trustees Chan, Ley, and Machida), Chair Kane called the regular meeting of the

QUORUM/CALL TO ORDER (CONT'D)	Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 9:00 a.m.
PUBLIC COMMENT	Chair Kane called for public comment. There were no comments from public present.
RECESS	Chair Kane called for a recess at 9:00 a.m. and announced that the meeting would reconvene following the conclusion of the Chapter 91 Proceedings and the Investment Committee Meeting. (All in attendance left the meeting except for the Board; Deputy Attorneys General, Ivan Torigoe and Elmira Tsang; Executive Director, Thomas Williams; Deputy Executive Director, Kanoe Margol; and Retirement Benefits Manager, Karl Kaneshiro).
RECONVENE	A quorum being present (Chair Kane, Vice Chair Rauckhorst, Trustees Chan, Ley, and Machida), Chair Kane reconvened the meeting at 10:10 a.m., and announced that meeting agenda items would be taken out of order to ensure quorum for items needing approval. Thus, Presentation No. 2 was presented first.
HAMILTON LANE ADVISORS, LLC – PRIVATE EQUITY PROGRAM UPDATE – FOR PERIOD ENDING JUNE 30, 2019	Investment Officer – Illiquid Markets (IO-IM), Aaron Au, and Hamilton Lane Advisors, LLC, (HL), Paul Yett, presented an oral and written report to the Board on the Private Equity Program Update – For Period Ending June 30, 2019. Mr. Yett discussed the Portfolio Review, Strategic Plan Update, and Private Equity Market Brief:
	<p>PORTFOLIO REVIEW <i>PE Portfolio Highlights – June 30, 2019</i></p> <ul style="list-style-type: none"> • Performance <ul style="list-style-type: none"> ○ Strong since inception performance continues. ○ Strong one-year net IRR of 17.34%, with each quarter achieving positive results. <p><i>Portfolio Snapshot</i></p> <ul style="list-style-type: none"> • Q2 2019: Continued value creation, market value growth and meaningful liquidity. • Strong one-year net IRR of 17.34%, with each quarter achieving positive results. • Measured growth towards 13.5% target allocation. <p><i>Portfolio Summary</i></p> <ul style="list-style-type: none"> • Q2 2019 represents the 28th consecutive quarter of position results. • Strong LTM value creation and growth across the Portfolio. <p><i>Foundation Manager Performance</i> <i>Portfolio Quartile Rankings</i></p> <p><i>2019 Commitment Summary</i></p> <ul style="list-style-type: none"> • Investments are consistent with the themes and recommendations highlighted in Hamilton Lane's Strategic Plan. • On track to execute approved 2019 commitment pacing range.

HAMILTON LANE
ADVISORS, LLC –
PRIVATE EQUITY
PROGRAM UPDATE – FOR
PERIOD ENDING JUNE 30,
2019 (CONT'D)

STRATEGIC PLAN UPDATE
2019 Private Equity Strategic Plan (Recap)

2020 Strategic Plan for Board approval:

- Commitment Pacing – 2020 commitment pacing of \$550M-\$650M approved by the Board at July 2019 Summit (inclusive of any Board approved commitments).
- General Partner Relationships – Concentrate commitments with Foundation Managers.
- Commitment Sizing – Maintain larger average commitment size for Foundation Managers; Consider larger commitments (>\$50M) to top performing Foundation Managers.
- Strategic Diversification – Primary commitment focus on Buyout investments; Basket approach to SMID investments; and Opportunistically invest in high-conviction Venture Capital managers.
- Geographic Diversification – Maintain current geographic exposure, with primary commitments to North America; Opportunistically assess additional Western Europe and Asia relationships.

MARKET BRIEF

On a motion made by Vice Chair Rauckhorst, seconded by Trustee Ley, and unanimously carried, the Board accepted the Strategic Plan as presented.

Chair Kane announced that Presentations 1 and 3 would be presented later in the meeting. The next agenda item was the approval of the regular minutes.

APPROVAL OF MINUTES
- JULY 8, 2019
- JULY 24-26, 2019

On a motion made by Vice Chair Rauckhorst, seconded by Trustee Ley, and unanimously carried, the Board approved the Minutes for July 8, 2019, and July 24-26, 2019, as presented.

ENTER EXECUTIVE
SESSION

On a motion made by Vice Chair Rauckhorst, seconded by Trustee Machida, and unanimously carried, the Board entered into Executive Session at 10:21 a.m.

Chair Kane announced that Executive Session agenda items would also be taken out of order and Item No. 8, the Executive Session Minutes, will be first, before starting at the top of the order with Item No. 1.

APPROVAL OF EXECUTIVE
SESSION MINUTES
- JULY 8, 2019
- JULY 24-26, 2019

EXECUTIVE SESSION

- Pursuant to HRS § 88-27.5(a)(1) and HRS § 92-5(a)(4), to conduct discussions and deliberations relating to, and if appropriate, to make a decision on investments or prospective investments by the system that require the consideration of information or records that are exempt from disclosure under HRS Chapter 92F, including information and records that are proprietary information or confidential business information, and to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to a Real Estate Fund Commitment; appropriate action.
- Pursuant to HRS § 88-27.5(a)(1) and HRS § 92-5(a)(4), to conduct discussions and deliberations relating to, and if appropriate, to make decisions on investments or prospective investments by the system that

EXECUTIVE SESSION
(CONT'D)

require the consideration of information or records that are exempt from disclosure under HRS Chapter 92F, including information and records that are proprietary information or confidential business information, and to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to a Real Estate Fund Commitment; appropriate action.

- Pursuant to HRS § 88-27.5(a)(1) and HRS § 92-5(a)(4), to conduct discussions and deliberations relating to, and if appropriate, to make decisions on investments or prospective investments by the system that require the consideration of information or records that are exempt from disclosure under HRS Chapter 92F, including information and records that are proprietary information or confidential business information, and to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to a Private Equity Fund Commitment; appropriate action.
- Pursuant to HRS § 88-27.5(a)(1) and HRS § 92-5(a)(4), to conduct discussions and deliberations relating to, and if appropriate, to make a decision on investments or prospective investments by the system that require the consideration of information or records that are exempt from disclosure under HRS Chapter 92F, including information and records that are proprietary information or confidential business information, and to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to, the Employees' Retirement System's investments managed by Ryan Labs International Advisors, LLC; appropriate action.

EXECUTIVE SESSION,
PURSUANT TO HRS § 88-
27.5(a)(1) AND HRS § 92-
5(a)(4), TO CONDUCT
DISCUSSIONS AND
DELIBERATIONS RELATING
TO, AND IF APPROPRIATE,
TO MAKE A DECISION ON
INVESTMENTS OR
PROSPECTIVE INVESTMENTS
BY THE SYSTEM THAT
REQUIRE THE
CONSIDERATION OF
INFORMATION OR RECORDS
THAT ARE EXEMPT FROM
DISCLOSURE UNDER HRS
CHAPTER 92F, INCLUDING
INFORMATION AND
RECORDS THAT ARE
PROPRIETARY
INFORMATION OR
CONFIDENTIAL BUSINESS
INFORMATION, AND TO
CONSULT WITH THE
BOARD'S ATTORNEYS ON
QUESTIONS AND ISSUES
PERTAINING TO THE
BOARD'S POWERS, DUTIES,
PRIVILEGES, IMMUNITIES,
AND LIABILITIES WITH
RESPECT TO A REAL ESTATE
FUND COMMITMENT;
APPROPRIATE ACTION

EXECUTIVE SESSION,
PURSUANT TO HRS § 88-
27.5(A)(1) AND HRS § 92-
5(A)(4), TO CONDUCT
DISCUSSIONS AND
DELIBERATIONS RELATING
TO, AND IF APPROPRIATE,
TO MAKE DECISIONS ON
INVESTMENTS OR
PROSPECTIVE INVESTMENTS
BY THE SYSTEM THAT
REQUIRE THE
CONSIDERATION OF
INFORMATION OR RECORDS
THAT ARE EXEMPT FROM
DISCLOSURE UNDER HRS
CHAPTER 92F, INCLUDING
INFORMATION AND
RECORDS THAT ARE
PROPRIETARY
INFORMATION OR
CONFIDENTIAL BUSINESS
INFORMATION, AND TO
CONSULT WITH THE
BOARD'S ATTORNEYS ON
QUESTIONS AND ISSUES
PERTAINING TO THE
BOARD'S POWERS, DUTIES,
PRIVILEGES, IMMUNITIES,
AND LIABILITIES WITH
RESPECT TO A REAL ESTATE
FUND COMMITMENT;
APPROPRIATE ACTION

Chair Kane announced that Executive Session Item No. 4 would be presented next.

EXECUTIVE SESSION,
PURSUANT TO HRS § 88-
27.5(A)(1) AND HRS § 92-
5(A)(4), TO CONDUCT
DISCUSSIONS AND
DELIBERATIONS RELATING
TO, AND IF APPROPRIATE,
TO MAKE DECISIONS ON
INVESTMENTS OR
PROSPECTIVE INVESTMENTS
BY THE SYSTEM THAT
REQUIRE THE
CONSIDERATION OF
INFORMATION OR RECORDS
THAT ARE EXEMPT FROM
DISCLOSURE UNDER HRS
CHAPTER 92F, INCLUDING
INFORMATION AND
RECORDS THAT ARE
PROPRIETARY
INFORMATION OR
CONFIDENTIAL BUSINESS
INFORMATION, AND TO

CONSULT WITH THE
BOARD'S ATTORNEYS ON
QUESTIONS AND ISSUES
PERTAINING TO THE
BOARD'S POWERS, DUTIES,
PRIVILEGES, IMMUNITIES,
AND LIABILITIES WITH
RESPECT TO A PRIVATE
EQUITY FUND
COMMITMENT;
APPROPRIATE ACTION

Chair Kane announced that Executive Session Item No. 6 would be presented next.

EXECUTIVE SESSION,
PURSUANT TO HRS § 88-
27.5(a)(1) AND HRS § 92-
5(a)(4), TO CONDUCT
DISCUSSIONS AND
DELIBERATIONS RELATING
TO, AND IF APPROPRIATE,
TO MAKE A DECISION ON
INVESTMENTS OR
PROSPECTIVE INVESTMENTS
BY THE SYSTEM THAT
REQUIRE THE
CONSIDERATION OF
INFORMATION OR RECORDS
THAT ARE EXEMPT FROM
DISCLOSURE UNDER HRS
CHAPTER 92F, INCLUDING
INFORMATION AND
RECORDS THAT ARE
PROPRIETARY
INFORMATION OR
CONFIDENTIAL BUSINESS
INFORMATION, AND TO
CONSULT WITH THE
BOARD'S ATTORNEYS ON
QUESTIONS AND ISSUES
PERTAINING TO THE
BOARD'S POWERS, DUTIES,
PRIVILEGES, IMMUNITIES,
AND LIABILITIES WITH
RESPECT TO, THE
EMPLOYEES' RETIREMENT
SYSTEM'S INVESTMENTS
MANAGED BY RYAN LABS
INTERNATIONAL ADVISORS,
LLC; APPROPRIATE ACTION

EXIT EXECUTIVE SESSION

On a motion made by Trustee Machida, seconded by Trustee Ley, and unanimously carried, the Board exited Executive Session at 11:32 a.m.

(Trustee Catherine Chan exited the meeting at 11:32 a.m., officially ending the meeting, as Quorum was lost. The remainder of the meeting was for informational purposes only.)

TOWNSEND GROUP, AN
AON COMPANY – SECOND
QUARTER 2019 REAL
ESTATE PERFORMANCE
REVIEW

Chair Kane announced that the next agenda item would be Presentation No. 1, followed by Presentation No. 3.

Investment Officer (IO), Ian Wetzel, and Townsend Group, an Aon Company (Aon), Chae Hong, presented an oral and written report to the Board on the 2nd Quarter 2019 Real Estate Performance Review:

EXECUTIVE SUMMARY

Real Estate Market Performance and Overview

- The NFI-ODCE trailing one-year return now stands at 5.5% net. The real market is experiencing continued moderation and returns have begun to dip below long-term averages of 7-9% gross.
- Real Estate fundamentals remain healthy, but valuations across real estate and other asset classes are rich. Return expectations have normalized, with go forward expectations in line with historical norms. Rising interest rates have led to asset value correction fears across various asset classes; within real estate, investors can mitigate these risks by shifting preference to investments that can participate and benefit from economic growth, with downside protection offered by current income. Townsend prefers investments that offer relatively strong rental income growth, or value-add potential with near-term income generation potential.

HIERS' Summary of Portfolio Returns (Time-Weighted)

Overall the portfolio is performing well, outperforming the NFI-ODCE Index on a net of fee basis over the year-to-date, one-, three-, and five-year time periods. The total portfolio has generated an 8.1% net IRR and 1.44x net equity multiple since inception.

HIERS' Real Estate Portfolio Highlights

During Q2 2019 and subsequent to quarter end, three new commitments were made:

- European Opportunistic Strategy
- US Value Added Strategy
- European Opportunistic Strategy

Significant Events

- Subsequent to quarter end, the Board of Trustees approved that HIERS fully redeem from a Value-Added Manager.

TIMBER PORTFOLIO

Hancock Timber Separate Account

LOWE SEPARATE ACCOUNT

MEKETA INVESTMENT
GROUP, INC. – THIRD
QUARTER PERFORMANCE
REPORT

Meketa Investment Group, Inc. (Meketa). Neil Rue presented an oral and written report to the Board on the Quarterly Performance for the 3rd Quarter of 2019:

PORTFOLIO REVIEW

Performance vs. Policy Benchmark and Median Public Fund

- The ERS Total Portfolio exceeded the Policy Benchmark across all periods measured. Relative outperformance in the Crisis Risk Offset (CRO) class contributed to the positive results. Over the last trailing 12-months, all three components of the CRO class produced solid absolute returns and two of the segments (Alternative Return Capture and

MEKETA INVESTMENT
GROUP, INC. – THIRD
QUARTER PERFORMANCE
REPORT (CONT'D)

Systematic Trend Following) generated strong relative results, outperforming their benchmarks by over 10%.

- The ERS Total Portfolio closely tracked, matched, or outperformed the Median Public Fund over each period reported.
- The ERS adopted new evolving policy targets that took effect January 1, 2019. As of the latest quarter end, the Total Portfolio ended the latest quarter overweight the Broad Growth class, while underweight Principal Protection and Real Return. All other strategic classes were near the policy target.

Performance Attribution vs. Policy Benchmark – Gross of Fees

- The Total Portfolio outperformed the Policy Benchmark by 0.4% over the quarter and exceeded the Policy Benchmark over the 1-year period by 1.7%
- Selection contributed to relative performance over the quarter, primarily within the Crisis Risk Offset class. Selection also drove relative outperformance over the 1-year period, notably within the Crisis Risk Offset and Broad Growth classes.

Strategic Class Performance as of September 30, 2019

- The Crisis Risk Offset class outperformed the policy benchmark over the quarter and 1-year period. The class's largest segment, Alternative Return Capture exceeded its benchmark over both periods and contributed to results. Systematic Trend Following also outperformed its benchmark over both periods and contributed to results.

Crisis Risk Offset Investments

- The CRO Portfolio outperformed the benchmark over the quarter and trailing 10-year by 4.6% and 8.5%, respectively.

RECESS

Chair Kane called for a lunch recess at 11:49 a.m.

RECONVENE

Chair Kane reconvened the meeting at 12:11 p.m. and announced that due to the loss of Quorum, the remainder of the Executive Session Items No. 3, 5, and 7 would be deferred to the next meeting and New Business Agenda Items would be presented next. Having no Quorum, the remainder of the meeting was for informational purposes only.

POTENTIAL LEGISLATIVE
PROPOSALS RELATING TO
THE EMPLOYEES'
RETIREMENT SYSTEM
FOR THE 2020
LEGISLATIVE SESSION TO
BE CONSIDERED FOR THE
GOVERNOR'S
ADMINISTRATIVE
PACKAGE OF
LEGISLATION

Program Specialist, Donna Curry, presented on behalf of Executive Director Williams an oral and written report to the Board on legislative proposals relating to the Employees' Retirement System being considered for the 2020 Legislative Session for the Governor's administrative package.

Ms. Curry discussed the four proposed legislative bills currently with the Governor's Office for review:

- BUF-11 – Relating to Compensation for the Purposes of the Employees' Retirement System;
- BUF-12 – Relating to Qualified Domestic Relations Orders;
- BUF-13 – Related to Employees' Retirement System Investments; and
- BUF-14 – Relating to Employees' Retirement System Disability Retirement.

2019 ANNUAL PROXY
VOTING CERTIFICATION

Chief Investment Officer (CIO), Elizabeth Burton presented an oral and written report to the Board on the 2019 Annual Proxy Voting Certification

RESULTS

Results as a receive and file along with Meketa Investment Group’s (Meketa) report.

CIO Burton reported to the Board on the ERS Policies and Procedures on Socially Responsible Investing with regard to the required annual survey of any manager voting proxies on behalf of the ERS as to their proxy voting and whether they complied with their policy. ERS Staff also concurs with Meketa’s findings and explanations.

REPORT OF THE GOVERNANCE POLICY AD HOC COMMITTEE - HRS § 92-2.5(b) PERMITTED INTERACTION GROUP

Trustee Machida, Chair of the Governance Policy (Ad-Hoc) Committee presented an oral and written report to the Board on a Summary of the Governance Report from a meeting held on November 1, 2019.

Trustee Machida reported to the Board on a Governance Report issued by Funston Advisory Services LLC, and requested the Board review and provide feedback on the recommendations given by the Ad-Hoc Committee in order to move forward with the priorities, timeframes, resources needed, responsible parties, and legislative support (if needed) to be finalized by the next meeting.

Trustee Machida also discussed, as suggested by the Ad-Hoc Committee, making the Committee a standing Governance Policy Committee and will propose it at the next Board meeting.

Chair Kane announced that the remainder of the Executive Session Items would be next, however, since there is no Quorum, Executive Session Items Nos. 3, 5, and 7, were deferred to the next meeting.

EXECUTIVE SESSION (ITEMS DEFERRED TO NEXT MEETING)

- Pursuant to HRS § 88-27.5(a)(1) and HRS § 92-5(a)(4), to conduct discussions and deliberations relating to, and if appropriate, to make a decision on investments or prospective investments by the system that require the consideration of information or records that are exempt from disclosure under HRS Chapter 92F, including information and records that are proprietary information or confidential business information, and to consult with the Board’s attorneys on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities with respect to a private equity investment advised by Hamilton Lane; appropriate action.
- Pursuant to HRS § 88-27.5(a)(1), and HRS § 92-5(a)(4), to conduct discussions and deliberations relating to, and if appropriate, to make a decision on investments or prospective investments by the system that require the consideration of information or records that are exempt from disclosure under HRS Chapter 92F, including information and records that are proprietary information or confidential business information, and to consult with the Board’s attorneys on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities with respect to a Private Investment; appropriate action.
- Pursuant to HRS § 92-5(a)(4), and (a)(6) to consider and consult with the Board’s attorneys on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities, and to consider sensitive matters related to public safety or security, regarding Oracle Financials Accounting System; report and update.

EXECUTIVE SESSION, PURSUANT TO HRS § 88-27.5(a)(1) AND HRS § 92-5(a)(4), TO CONDUCT DISCUSSIONS AND

Due to loss of Quorum, Executive Session Item deferred to the next meeting.

DELIBERATIONS RELATING TO, AND IF APPROPRIATE, TO MAKE A DECISION ON INVESTMENTS OR PROSPECTIVE INVESTMENTS BY THE SYSTEM THAT REQUIRE THE CONSIDERATION OF INFORMATION OR RECORDS THAT ARE EXEMPT FROM DISCLOSURE UNDER HRS CHAPTER 92F, INCLUDING INFORMATION AND RECORDS THAT ARE PROPRIETARY INFORMATION OR CONFIDENTIAL BUSINESS INFORMATION, AND TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES WITH RESPECT TO A PRIVATE EQUITY INVESTMENT ADVISED BY HAMILTON LANE; APPROPRIATE ACTION

EXECUTIVE SESSION, PURSUANT TO HRS § 88-27.5(a)(1), AND HRS § 92-5(a)(4), TO CONDUCT DISCUSSIONS AND DELIBERATIONS RELATING TO, AND IF APPROPRIATE, TO MAKE A DECISION ON INVESTMENTS OR PROSPECTIVE INVESTMENTS BY THE SYSTEM THAT REQUIRE THE CONSIDERATION OF INFORMATION OR RECORDS THAT ARE EXEMPT FROM DISCLOSURE UNDER HRS CHAPTER 92F, INCLUDING INFORMATION AND RECORDS THAT ARE PROPRIETARY INFORMATION OR CONFIDENTIAL BUSINESS INFORMATION, AND TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES,

Due to loss of Quorum, Executive Session Item deferred to the next meeting.

AND LIABILITIES WITH
RESPECT TO A PRIVATE
INVESTMENT; APPROPRIATE
ACTION

EXECUTIVE SESSION,
PURSUANT TO HRS § 92-
5(a)(4), AND (a)(6) TO
CONSIDER AND CONSULT
WITH THE BOARD'S
ATTORNEYS ON QUESTIONS
AND ISSUES PERTAINING TO
THE BOARD'S POWERS,
DUTIES, PRIVILEGES,
IMMUNITIES, AND
LIABILITIES, AND TO
CONSIDER SENSITIVE
MATTERS RELATED TO
PUBLIC SAFETY OR
SECURITY, REGARDING
ORACLE FINANCIALS
ACCOUNTING SYSTEM;
REPORT AND UPDATE

EXECUTIVE DIRECTOR'S
REPORT

Due to loss of Quorum, Executive Session Item deferred to the next meeting.

Executive Director Williams gave an oral presentation of his report as follows:

- Prepared for and presented with B&F to the rating agencies, S&P and Moody's, Certificates of Participation to support the Ala Wai Canal project. Deputy Executive Director Margol also attended.
- Attended with Chief Investment Officer Burton a meeting with Senator Keohokalole to discuss ERS investments in Hawaii, HiTIP, and his perspective on certain types of long-term investments. Also discussed the needed support from the legislature for the Investment Office Strategic Vision.
- Presented with Program Specialist Curry to the Governor and his staff, ERS legislation to be included with the Governor's package. In particular, confidentiality of specific investment-related information and shared the Office of Information Practice's response that they were not opposed to our proposal.
- Continuation of ERS relocation of Administration and Investment office to the 15th Floor and reallocation of vacated space for the Accounting, Information Services, and Retirement Benefits Branch.
- Received an award from the Public Pension Coordinating Council for transparency.
- Election has concluded for replacement of Jackie Ferguson-Miyamoto's position, and soon to be certified. Once certified, the results will be announced at the next Board meeting. The new Trustee, once brought on board, will be provided an orientation and training.
- Vitech reported that they experienced a Malware infection to their corporate account internal network. We have been assured that none of their third-party connections have been compromised or accessed. IS has put up fire walls and disabled the interface between the ERS and Vitech until we get an all clear from them.
- *The Trustee Governance Guide, The Five Imperatives of 21st Century Investing* has been distributed to the Board. This, as well as previous literature, will also be provided for future Board members as part of

EXECUTIVE DIRECTOR'S
REPORT (CONT'D)

Trustee education. Any suggestions on literature that the Board might find to be helpful to other Board members is welcomed.

- Met with the Governor to discuss expiring trustee terms, get a sense of his thoughts and to share the Board's interest in continuity of existing membership.

OPERATIONS REPORT

Deputy Executive Director, Kanoe Margol presented the written operations report as a receive and file.

ADJOURNMENT

On a motion made by Vice Chair Rauckhorst, seconded by Trustee Machida, and unanimously carried, Chair Kane adjourned the meeting at 12:35 p.m. (Quorum ended at 11:32 a.m. upon departure of Trustee Chan, no actions were taken by the Board thereafter, only informational presentations were made).

REDACTED SIGNATURE

Thomas Williams
Executive Director

TW:dkik